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PRESS RELEASE

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ROBERT J. AMICO AND RICHARD N. AMICO RECEIVE LENGTHY PRISON SENTENCES FOR THEIR ROLE IN A $60 MILLION FRAUD CONSPIRACY

RE: UNITED STATES v. ROBERT J. AMICO and RICHARD N. AMICO

United States Attorney Michael A. Battle announced that yesterday Robert J. Amico and Richard N. Amico were sentenced in connection with their role in a massive fraud scheme involving $60 million in fraudulent mortgages. Specifically, Robert J. Amico, age 40, formerly of 5 Bryden Park, Webster, New York, was sentenced by United States District Court Judge Charles J. Siragusa to 17 ½ years in prison and ordered to pay over $14.5 million in restitution in connection with his conviction on April 3, 2003 after a five-month jury trial to one count of conducting a continuing financial crimes enterprise in violation of 18 U.S.C. §225, which carried a minimum sentence of 10 years imprisonment and a maximum sentence of life imprisonment; one count of conspiracy of the commit bank and mail fraud in violation of 18 U.S.C. §371, which carried a maximum sentence of 5 years imprisonment; and 20 counts of bank and mail fraud in violation of 18 U.S.C. §1014 and 1341, which each carried a maximum sentence of 30 years imprisonment. Robert J. Amico was also sentenced in connection with his guilty plea to filing a false tax return in violation of 26 U.S.C. §7206(1), which carried a maximum sentence of 3 years imprisonment.

Richard N. Amico, formerly of Rochester and of Alpharetta, Georgia, was sentenced to nine years in prison and ordered to pay over $14.5 million in restitution in connection with his conviction on April 3, 2003 after trial to one count of conspiracy of the commit bank and mail fraud in violation of 18 U.S.C. §371, which carried a maximum sentence of 5 years imprisonment; and one count of mail fraud in violation of 18 U.S.C. §1341, which carried a maximum sentence of 5 years imprisonment. Richard N. Amico was also sentenced in connection with his guilty plea to filing a false tax return in violation of 26 U.S.C. §7206(1), which carried a maximum sentence of 3 years imprisonment.

Forfeiture money judgments were also entered against both defendants in the approximate amounts of $57 million.

Assistant U.S. Attorney Richard A. Resnick, who is handled the case, stated that from January 1994 through January 2000, the defendants, and many others, including the defendants' father, Robert A. Amico, conspired to defraud various federally insured banks and private lenders out of over $60,000,000 in mortgage loan proceeds in connection with the sale and resale of approximately 170 residential homes built by the Amicos. The object of the conspiracy was to obtain the mortgage loan proceeds by causing false documents and information to be submitted to the lenders to deceive the lenders into providing mortgage loans to purchasers who should have qualified for such loans, and in amounts which substantially exceeded the true value of the homes built by the Amicos. Approximately 89 individuals purchased homes from the Amicos.

The scheme to defraud the lenders required many participants. First, the Amicos found buyers of the homes by offering the homes for no money down. For example, a buyer would be told that they could purchase a home for $400,000 and that 100% of the sales price could be financed by a lender. This home, however, should have only been sold for $250,000. While the home was worth only $250,000, the Amicos would falsely represent to the lender that the sales price was $500,000 and that the purchaser was paying a down payment of $100,000 (20% down). The purchaser would then apply for a mortgage loan of $400,000 - the amount the purchaser believed was the sales price.

To support the inflated sales price, the Amicos solicited the services of property appraisers who prepared inflated property appraisals. The Amicos also created false property appraisals using names of property appraisers who did not exist.

As a result of the inflated sale prices and property appraisals, the lenders unknowingly provided mortgage loans in amounts which substantially exceeded the actual value of the homes. In the example above, the lender provided a mortgage loan of $400,000 for a home worth only $250,000 and which the lender believed was worth

$500,000. Thus, the Amicos made an additional $150,000 on the sale and were able to easily attract a buyer for the home due to the non-existence of a down payment.

When many of the buyers ultimately defaulted on the loans, the lenders foreclosed on the properties and discovered for the first time that the property was worth much less than its sales price. The banks and lenders have foreclosed on approximlately 120 properties, resulting in a loss of over $14.5 million.

Assistant U.S. Attorney Resnick further stated that after finding buyers, the buyers were instructed to meet with Patrick J. McNamara, the Amicos' right hand man, so that he could assist them in preparing the mortgage applications and other supporting documentation required by the lenders to determine whether the buyers qualified for the mortgage loans. McNamara then prepared false mortgage applications for the buyers by, among other things, inflating the income and asset amounts. He used sophisticated computer equipment to alter and create false supporting documentation for the buyers, including, false tax returns, Forms W-2, pay stubs, bank statements, brokerage accounts and other financial documents for the purpose of making it appear to the lenders that the buyers had much more income and assets than they actually had so that the purchasers would qualify for the large mortgage loans.

The Amicos then gave the false, altered and counterfeited documentation to the various mortgage brokers who were representing the lenders, including MFC Mortgage Company and its manager, Allan Peteres; Capital Mortgage Network, Inc. and its owner, Debra Gilliatt; and John DiNuzzo of Lenders Choice Funding, Inc. The mortgage brokers than submitted this documentation to the lenders and falsely represented to the lenders that they had interviewed the purchasers and had personally obtained the supporting documentation being submitted with the mortgage applications. The mortgage brokers also misled the lenders into believing that they had obtained the appraisals, when in fact they had actually received them from the Amicos. The mortgage brokers, who played an integral part of the scheme, received fees in much larger than normal amounts for their role in scheme.

At the closings, the Amicos' attorney, Joseph Shramek, then deceived the buyers into unknowingly signing false documents relating to the mortgage loans. At some of the closings, the lenders' attorneys requested proof that a down payment was being paid by the buyers. Shramek would produce copies of checks he received from the Amicos which falsely represented that large down payments were being paid.

As a result, the various lenders provided over $60,000,000 in mortgage loans to purchasers of homes sold by the Amicos.

Sixteen other individuals have pled guilty in connection with this case, including Patrick J. McNamara, two attorneys, an appraiser, an accountant, four mortgage brokers, and several purchasers of Amico homes. Robert A. Amico, the ring leader of the conspiracy, got sick during the trial and a mistrial was declared. He passed away three weeks ago.

The convictions in this case were the culmination of an investigation by the Federal Bureau of Investigation under the direction of Special Agent in Charge Peter Ahearn, and the Internal Revenue Service under the direction of Special Agent in Charge Ann Marie Coons, Criminal Investigation Division.

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